

**MINUTES OF REGULAR SESSION
HIGHLAND CITY COUNCIL
MONDAY, OCTOBER 19, 2015**

Mayor Michaelis called the Regular Session to order at 7:00pm. Council members Schwarz, Frey, Bellm and Nicolaides were present. Others in attendance were City Manager Mark Latham, City Attorney John Long; Directors Bell, Cook, Korte, Peck, Rosen and Schoeck; Fire Chief Bloemker, EMS Chief Wilson, Sergeant Aric Steinbeck, Library Director Kim, Treasurer Foehner, Deputy City Clerk Hediger, City Clerk Bellm; 12 citizens and one member of the news media.

MINUTES

Councilman Schwarz made a motion to approve the minutes of the October 5, 2015 Regular Session as attached; seconded by Councilwoman Bellm. City Clerk Bellm noted an error in the minutes presented to the council. Bill #15-95/Ordinance #2702 should state 'Roll Call Vote: Schwarz, Frey, Bellm, and Nicolaides voted aye, none nay. Motion carried.' Councilman Schwarz made a motion to approve the October 5, 2015 Regular Session Minutes with that correction; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm, and Nicolaides voted aye, none nay. Motion carried.

PROCLAMATIONS

Mayor Michaelis read a document proclaiming October 19–23, 2015 as Illinois Women in Business Week. Five members of Highland IBWF accepted the proclamation from Mayor Michaelis.

Mayor Michaelis read a document proclaiming October as Community Planning Month.

PUBLIC FORUM

Citizens' Requests and Comments:

Chamber of Commerce 2015 Lighted Christmas Parade Request – Nancie Zobrist, Executive Director of Highland Chamber of Commerce, with Ryan Goodwin, of Highland Lions Club present, requested permission to host a Christmas Run, Lighted Christmas Parade and the downtown lighting ceremony on Friday, November 27, 2015. The Christmas Run will start at 6:00pm and the parade will begin at 7:00pm. No additional street closures will be required, just closing of the routes for a little longer period. We are requesting use of the Square facilities and assistance with traffic control from the police department for these events. Councilman Schwarz made a motion to approve the street closures and assistance for the Fun Run and 2015 Lighted Christmas Parade and Lighting Ceremony on Friday, November 27, 2015 as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm, and Nicolaides voted aye, none nay. Motion carried.

EvUCC Annual Box Village Square Use Request – Pastor Will VerDuin stated that each year, for the past three years, we form a box community to help our youth recognize the plight of the homeless and help them to gain empathy for those less fortunate. This year, we would like to hold this event the evening of November 7, beginning at 2:30pm to the approximately 6:30am on November 8. Councilman Schwarz made a motion to approve the request of the EvUCC to use the downtown square on November 7 for their annual box village as requested; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm, and Nicolaides voted aye, none nay. Motion carried.

Requests of Council:

No comments or requests.

Staff Reports:

City Manager Latham reported, today, we looked at three options for the reconstruction of Oak Street. We hope to hold a public hearing at some point, for input on the project.

Engineering crews will be going through the drainage to the Laurel Branch. Structural Engineers will look at the condition of the drainage structures. It has been 20+ years since it was evaluated.

Scheffel Boyle – Presentation of Combined Annual Financial Report – Mark Korte, Principle of Highland Office, along with Heather Clugston and Sarah Kincade, were in attendance to answer any questions the council may have regarding the prepared financial statements. Mr. Korte thanked City Staff for their assistance and cooperation in completing this year's audit. He reported we are able, once again, to provide an unmodified ("clean") opinion with one exception. A new statement, known as GASB 67, required certain actuarial information, which was unavailable as it relates to the police pension fund. We have to qualify our opinion with respect to the effect of this actuarial information. While information of on the police pension fund have been reported for several years, the difference this year is the actuarial data and assumptions on investment returns and risks. This is a one-year qualification, as next year the city will be implementing GASB Statement #68, which will be an even more comprehensive presentation of certain pension funding, and one that every city in the State of Illinois will be required to submit. So, it is a "clean opinion" with the exception of the minor assumptions.

The statement were prepared in accordance with GASB 34 Standards. Exhibits 1 & 2, The Statement of Net Position, is similar to a Balance Sheet, and The Statement of Activities, is similar to an Income Statement). Both are prepared on the accrual basis of accounting. Accrual basis most accurately reflects the financial positions by reporting revenue, as it is earned or measurable and expenses as they are incurred. It also reports long-term debt in the fund in which it was incurred. Exhibit 1 reports comparative totals for governmental and business-type activities. Business-type activities include the electric, water, sewer, and solid-waste funds. The assets and liabilities of all city funds, with the exception of the police pension fund. Statements on the police pension fund can be found in Exhibits 10 & 11. Looking at the assets and liabilities of the city, as a whole, on Exhibit 1 (Pg. 14), the total assets for 2015 are \$109,170,148 as compared to \$107,542,900 for YE 2014, for an increase of approximately \$1.6 million. Total liabilities for 2015 are \$39,996,976 as compared to \$40,807,324 for 2014, for a decrease in liabilities of approximately \$800,000. Therefore, the total net equity increased by ~\$2.4M in the last year. Exhibit 2 reports the expenses of the various governmental activities and operating expenses of business-type activities in the first column and the revenue generated from the operation government and business-type activities in the second column. Revenues from taxes and miscellaneous non-operating revenues, such as interest income, are reported at the bottom of the Exhibit 2. For the year ending April 30, 2015, governmental activities had an increase in net assets of \$554,630, while business-type activities had a decrease in net assets of 117,034. In total, the city realized an increase in net assets of \$2,437,596 for the year. There are additional details found in Exhibits 7, 8 & 9 on the business-

activities. These statements are very important as they allow you to evaluate the appropriate rates for utilities based on cost of services required to operate and allow for future investments.

On Exhibit 8, (Pg. 25) you will see that electric, water and sewer funds combined for a loss. The primary reason for the \$114,751 loss in the electric fund was due to a transfer to the city reserve fund in the amount of \$150,000. The water fund incurred a loss of \$135,450 due to decrease in water sales. The sewer fund had a full year of the new rates and this resulted in a profit of \$123,528 over the prior year. The city's Fiber to The Premises continues to develop in the past fiscal year. Revenues for the fiber fund increased by 35% over the prior fiscal year.

Following the basic financial statements, you will find comparison information and statistical data. You will see that there was modest growth of 1.22% in revenue from general property taxes. Other governmental revenue sources such as sales tax, non-home rule sales tax and income tax increased by modest amounts, while motor fuel taxes and telecommunication taxes decreased slightly. Mr. Korte pointed out this is the first time the assessed evaluation has increased since 2009, stopping that downward trend. Table 4 also shows that the city's total property tax rate has increased by 1.91% over the prior year, to \$177,827,085. Based on the city's assessed valuation for 2014, and given that the city currently has zero General Obligation Debt, the City of Highland could leverage up to \$15,337,586 in General Obligation Debt. Mr. Korte thanked the council and city staff for allowing Scheffel Boyle to serve the City of Highland. He offered if there are any questions or concerns, or questions arise, please feel free to contact them at any time.

NEW BUSINESS

Approve Combined Annual Financial Report – Councilwoman Bellm made a motion to approve the Combined Annual Financial Report for Fiscal Year Ending April 30, 2015 as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Approve 2015 Treasurer's Report – Councilwoman Bellm made a motion to approve the 2015 Treasurer's Report as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #15-96/ORDINANCE Abating Taxes Levied for 2013 General Obligation Sewerage System Bonds – Councilman Schwarz made a motion to approve Bill #15-96/Ordinance #2703 abating taxes levied for 2013 General Obligation Sewerage System Bonds as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #15-97/ORDINANCE Abating Taxes Levied for 2012 General Obligation TIF Bond – Councilwoman Bellm made a motion to approve Bill #15-97/Ordinance #2704 abating taxes levied for 2012 General Obligation TIF Bond as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm, and Nicolaides voted aye, none nay. Motion carried.

Bill #15-98/ORDINANCE Abating Taxes Levied for 2014A Korte Recreation Center Bonds – Councilman Schwarz made a motion to approve Bill #15-98/Ordinance #2705 abating taxes levied for 2014A Korte Recreation Center Bonds as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #15-99/ORDINANCE Abating Taxes Levied for 2014B Street Bonds – Councilwoman Bellm made a motion to approve Bill #15-99/Ordinance #2706 abating taxes levied for 2014B Street Bonds as

attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #15-100/RESOLUTION Approving Change Order No. 7, Submitted by Insituform Technologies USA, LLC for the Cured In Place Pipe Sewer Rehabilitation Project (PW-02-14) – Councilman Schwarz made a motion to approve Bill #15-100/Resolution #15-10-2343 approving Change Order No. 7, submitted by Insituform Technologies USA, LLC for the Cured In Place Pipe Sewer Rehabilitation Project (PW-02-14) as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #15-101/Ordinance Declaring the City of Highland's Interest in a Portion of a Platted Public Utilities Easement in Woodcrest Professional Park – Phase One Subdivision to be Surplus Property; Releasing the City of Highland's Interest in That Portion of the Platted Public Utilities Easement; and Authorizing the Execution of a Partial Release of Easement – Councilwoman Bellm made a motion to approve Bill #15-101/Ordinance #2707 declaring the City of Highland's Interest in a portion of a platted public utilities easement in Woodcrest Professional Park – Phase One Subdivision to be surplus property; releasing the City of Highland's interest in that portion of the platted public utilities easement; and authorizing the execution of a partial release of easement as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

REPORTS

Approve Warrants #1000 & #1001 – Councilwoman Bellm made a motion to approve Warrants #1000 & 1001 as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, and Bellm voted aye, none nay. Councilman Nicolaides abstained. Motion carried.

Councilman Schwarz made a motion to temporarily adjourn this regular session to enter into executive session under the Illinois Open Meetings Act under 2(c)(21) to discuss approval of executive session minutes and 2(c)(1) to discuss of negotiation matters; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried. Meeting adjourned at 7:39pm.

Mayor Michaelis reconvened the Regular Session at 7:49pm. Council members Councilman Nicolaides, Bellm, Frey and Schwarz were present. Also present were City Manager Latham, City Attorney Long, Directors Bell and Schoeck, Deputy City Clerk Hediger, City Clerk Bellm, and one member of the news media.

NEW BUSINESS

Bill #15-102/RESOLUTION Approving a Collective Bargaining Agreement With the Illinois Fraternal Order of Police Labor Council for the Telecommunicators' Bargaining Unit – Councilman Schwarz made a motion to approve Bill #15-101/Resolution #15-10-2344 approving a collective bargaining agreement with the Illinois Fraternal Order of Police Labor Council for the Telecommunicators' Bargaining Unit as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Councilwoman Bellm made a motion to adjourn; seconded by Councilman Schwarz. All council members voted aye, none nay. Motion carried and meeting adjourned at 7:49pm.

Joseph Michaelis, Mayor

Barbara Bellm, City Clerk